

American Recovery & Reinvestment Act

Background in Vermont

The federal economic stimulus bill, formally known as the American Recovery and Reinvestment Act (ARRA), has made available to the State of Vermont \$125 million in funding for transportation projects.

The money comes with numerous federal requirements. Fortunately, Vermont has met those requirements and has selected eligible projects. The key factors that determined viable candidates for Vermont's \$125 million in stimulus highway and bridge money came down to two basic criteria: eligibility and readiness. The American Recovery & Reinvestment Act required that \$44 million of Vermont's allocation must be obligated within 120 days of the date that the Federal Highway Administration apportions the funds – which was March 2. ("Obligated" requires that the project is designed, permitted, and ready to go out to bid.) The rest of Vermont's dedicated stimulus money must be obligated within one year of apportionment or March 2, 2010. Chosen projects also must comply with chapter 1 of title 23 of the United States Code, which limits the use of stimulus funds to highway infrastructure that is either part of the Federal Highway Aid Network or to off-network bridges longer than 20 feet that are classified as either structurally deficient or functionally obsolete.

This eligibility requirement is not unusual. The regular federal formula funds that VTrans annually receives come with the same restrictions, which are outlined in Title 23 or Title 49 of the United States Code. This limitation unfortunately disqualifies many municipal roadways and bridges from consideration. Vermont lobbied Congress to provide more flexibility to how stimulus funds can be used, but the bill passed by Congress did not provide such flexibility. The Federal Aid Highway Network generally includes:

- The Interstates and National Highway System (examples include I-89 and US Route 4)
- Urban and rural principal arterial routes (generally numbered State and U.S. highways).
- Other connector highways that provide motor vehicle access between arterial routes, including "major collectors" on the town highway network.

In essence, the only town roadways eligible for stimulus funds are Class 1 roads as well as some Class 2 roadways that meet the definition of a town highway "major collector," of which there are about 800 miles statewide.

Projects selected for ARRA funding came from several sources. VTrans had projects that were "shovel ready" – essentially sitting on the shelf waiting for funding. VTrans worked with the FHWA to obligate \$44 million to those projects by July 2, 2009. If VTrans had missed that date, Vermont would have lost the money. Most of those projects are paving and bridge repairs that did not require complex permitting or right-of-way acquisition.

A portion of the money is available for local towns. VTrans worked with the Vermont League of Cities and towns as well as the state's various regional planning commissions to identify town projects that could be ready to go out to bid by December 2009. VTrans awarded to towns \$5 million for town bridges, \$1 million for enhancement projects, and \$5 million for non-class-1 town highway paving. Those projects are managed by towns; however, if a town misses a cutoff date for permitting and contracts, the award will be used elsewhere. It is absolutely essential that VTrans does not miss the March 2, 2010 deadline

of obligating all ARRA funds. VTrans will not leave ARRA money on-the-table!

Maintenance of Effort and Job Creation:

VTrans assessed the voluminous American Recovery & Reinvestment Act documents to understand its many details. Key points are:

- Vermont must give preference to activities that can be started and completed expeditiously.
- \$44 million of funds must be obligated within 120 days of apportionment (March 2). VTrans met that deadline.
- The remaining funds must be obligated within one year (March 2, 2010).
- Stimulus money must be used in a manner that maximizes job creation and economic benefit.
- Preference will be given to projects in an “economically distressed” area.
- There is a “Buy American” provision for the purchase of iron, steel and manufactured goods. The provision, however, has exceptions.
- Transportation projects must be completed within a three-year timeframe from enactment (Feb. 17, 2009).
- Participation rate less than 100 percent federal at the state's discretion. VTrans is requiring towns to contribute between 10% and 20% as a local share.

The purpose of the American Recovery & Reinvestment Act is to stimulate the U.S. economy and create jobs as quickly as possible. As a result, the Act has strong “maintenance of effort” language that requires the state to maintain all of its current transportation programs. Stimulus funds are not intended to allow states to stop other work it was planning. Thus Vermont must match all its regular federal formula funds within normal timeframes. This means it is essential that all usual transportation revenue remain intact. Vermont cannot redirect state funds previously targeted to be spent on federal-aid transportation projects. In fact, the American Recovery & Reinvestment Act required that the Governor certify that the state will maintain its effort with regard to state funds, and submit a statement identifying the amount of funds the state planned to spend **from state sources** not only as of the date of enactment, but through the entirety of Federal Fiscal Year 2010.